follow suit;

(c) whether the States have suggested curtailment of basic perks, lowering retirement age and a 2-year freeze on DA to tide over the situation; and

(d) if so, what is Government's reaction thereto?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (d) A meeting of the all State Finance Ministers on Fiscal situation of states under the Chairmanship of Union Minister of Finance and Company Affairs was held on 7th September, 2002 at New Delhi in the context of the problems of frequent cash imbalances being faced by some States. At the meeting, discussions were held on the fiscal situation of States which, *inter-alia*, included issues on (i) impact of the recommendations of the Vth Central Pay Commission on the Pay revision and the consequent effect on State Finances, (ii) Debt position of States, (iii) Debt Swap proposal, (iv) Steps for improving revenue collections, (v) Routing of funds under Central Sponsored Schemes, (vi) Overdraft Regulation Scheme of RBI, and (vii) Implementation of the Supreme Court's judgement of 21-3-2001 in All India Judges' Association case with regard to the recommendations of the First National Judicial Pay Commission.

Steps to reduce non plan expenditure which, inter-alia, included issues on DA, bonus and pension were considered. However, in view of the nature of issues involved in containing this expenditure, the State Finance Ministers decided that these issues may be addressed in the meeting of Prime Minsiter with the state Chief Minsiters to arrive at a consensual approach. As no consensus emerged at the meeting of Chief Minsiters, it was resolved that the State Governments and the Union Government will take decisions on their own.

Guidelines for non-governance provident fund

1381. SHRI C.P.THIRUNAVUKKARASU: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the non-implementation of the Central Government guidelines for investments by non-governance provident fund in States and Centre has come to his notice;

(b) if so, the details thereof alongwith the losses suffered by the employees; and

(c) the steps proposed to be taken to realise the money from defaulting companies?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL): (a) to (c) No deviation has been made by Central Board of Trustees, Employees Provident Fund in investing the money as per the guidelines regarding investments issued by the Government.

The Provident Fund Trusts, which have been exempted from all or any of the provisions of the Employees Provident Fund Scheme, 1952 under Section 17 of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 & Paras 27 & 27A of the Employees Provident Fund Scheme, 1952 are required to follow the terms & conditions of exemption as laid down in the Act & Scheme. These, *inter-alia*, provide that (i) "the employer shall make good any other loss that may be caused to the Provident Fund due to theft, burglary, defalcation, misappropriation or any other reason" (ii) "Failure to make investments as per direction of the Government shall make the Board of Trustees separately and jointly liable to surcharge as may be imposed by the Central Provident Fund Commissisoner or his representative".

Thus, there is no loss suffered by the employees since the Act & Scheme already lay down the steps that need to be taken to safeguard the interest of the employees of such exempted establishment.

Phasing out of Corporate Tax

1382. SHRI SURESH PACHOURI: Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether there is a proposal to reduce and subsequently phase out Corporate Tax;

(b) if so, the reasons behind this move; and

(c) what would be its impact on the resource mobilisation effort of Government?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI GINGEE N. RAMACHANDRAN): (a) No, Sir.

(b) and (c) Does not arise.